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# A BILL FOR AN ACT

RELATING TO CONSUMER PROTECTION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. The legislature finds that digital financial  
2 asset transaction kiosks pose a significant risk to the  
3 financial security of the residents of the State. Digital  
4 financial asset transaction kiosks - also known as  
5 cryptocurrency Automated Teller Machines (ATMs) - enable a  
6 customer to buy and sell digital financial assets from a wallet  
7 or exchange. After providing the digital financial asset  
8 transaction kiosk with identification, which can range from a  
9 phone number to a scan of a government-issued ID, the customer  
10 enters the address of the wallet that will receive the purchased  
11 digital financial asset. The address could be the customer's  
12 own wallet or that of a third party. Finally, the customer  
13 inserts cash or a debit or credit card into the machine to  
14 finalize the purchase of the digital financial asset.

15 The legislature further finds that due to their ease of  
16 use, digital financial asset transaction kiosks are increasingly  
17 being used to facilitate scam payments. Typically, criminals



1 target older individuals through unsolicited calls, posing as  
2 the government, bank, or the customer service representative of  
3 a company. Once contact is made, the scammer provides detailed  
4 instructions to the prospective victim, including how to  
5 withdraw cash from the victim's bank, locate the kiosk,  
6 circumvent a kiosk's safeguards, and deposit and send funds  
7 using the kiosk to the wallet the scammer controls. After  
8 providing the instructions, the scammer stays in constant  
9 contact with the prospective victim until the payment is  
10 completed.

11 The legislature also finds that after the scams are  
12 complete, victims face significant barriers to recovering their  
13 losses. First, once the transactions are complete, scammers  
14 quickly route funds to offshore platforms, which makes it very  
15 difficult to recover from the scammers. Second, the operators  
16 have consistently argued that, while the cash may be in the  
17 machine, the victim's money has already been transferred to the  
18 scammer, and the operator is unable to assist the victim in  
19 recovering the money.

20 The legislature finds that the proliferation of digital  
21 financial asset transaction kiosks and their increased use to



1 facilitate scam payments has led to Americans losing millions of  
2 dollars. In 2024, the Federal Bureau of Investigation's  
3 Internet Crime Complaint Center received more than 10,956  
4 complaints reporting the use of kiosks, with reported victim  
5 losses of approximately \$246,700,000. That represents a ninety-  
6 nine per cent increase in the number of complaints and thirty-  
7 one per cent increase in reported victim losses from 2023. In  
8 the first six months of 2025, Americans lost around \$240,000,000  
9 in kiosk scams, a rate that is twice as high as in 2024.

10 Accordingly, the purpose of this Act is to prohibit the use  
11 of a digital financial asset transaction kiosk that accepts or  
12 dispenses United States currency by means of credit card or cash  
13 in exchange for a digital financial asset.

14 SECTION 2. Chapter 481B, Hawaii Revised Statutes, is  
15 amended by adding a new section to part I to be appropriately  
16 designated and to read as follows:

17 "§481B- Digital financial asset transaction kiosks;  
18 prohibition on deposits. (a) Beginning October 1, 2026, it  
19 shall be an unlawful practice under this chapter for an operator  
20 to own, operate, or manage in the State a digital financial



1 asset transaction kiosk that accepts United States currency from  
2 a customer in exchange for a digital financial asset.

3 (b) Nothing in this section shall prohibit an operator  
4 from owning, operating, or managing in the State a digital  
5 financial asset transaction kiosk that:

6 (1) Accepts a digital financial asset from a customer in  
7 exchange for a different digital financial asset; or  
8 (2) Accepts a digital financial asset from a customer in  
9 exchange for United States currency.

10 (c) Each transaction in violation of subsection (a) shall  
11 be a separate offense.

12 (d) As used in this section:

13 "Cash" means physical United States currency, both coins  
14 and paper currency.

15 "Digital financial asset" means a digital representation of  
16 value that is used as a medium of exchange, unit of account, or  
17 store of value, and that is not legal tender, regardless of  
18 whether denominated in legal tender. "Digital financial asset"  
19 does not include:

20 (1) A transaction in which a merchant grants, as part of  
21 an affinity or rewards program, value that cannot be



1                   taken from or exchanged with the merchant for legal  
2                   tender, bank or credit union credit, or a digital  
3                   financial asset;

4                   (2) A digital representation of value issued by or on  
5                   behalf of a publisher and used solely within an online  
6                   game, game platform, or family of games sold by the  
7                   same publisher or offered on the same game platform;  
8                   or  
9                   (3) A security registered with or exempt from registration  
10                   with the United States Securities and Exchange  
11                   Commission or a security registered or exempt from  
12                   registration under chapter 485A.

13                   "Digital financial asset transaction kiosk" means an  
14                   electronic information processing device that is capable of  
15                   accepting or dispensing United States currency by means of  
16                   credit card or cash in exchange for a digital financial asset.

17                   "Operator" means a person who owns, operates, or manages a  
18                   digital financial asset transaction kiosk located in the State."

19                   SECTION 3. New statutory material is underscored.

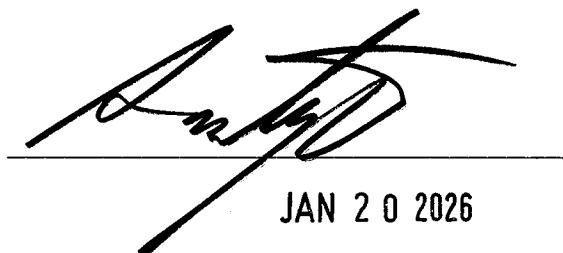
20                   SECTION 4. This Act shall take effect upon its approval.



H.B. NO. 1642

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INTRODUCED BY:



A handwritten signature in black ink, appearing to read "J. M. G. P.", is written over a horizontal line. Below the line, the date "JAN 20 2026" is printed in a standard font.



# H.B. NO. 1642

**Report Title:**

Consumer Protection; Digital Financial Assets; Virtual Currencies; Kiosks; Prohibition

**Description:**

Beginning 10/1/2026, prohibits the use of a digital financial asset transaction kiosk that accepts or dispenses United States currency by means of credit card or cash in exchange for a digital financial asset.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

